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**FISCAL YEAR 2005  
CHILD AND ADULT CARE FOOD PROGRAM  
OPERATIONAL MEMO #7**

TO: Child and Adult Care Food Program Institutions

FROM: Mary Ann Chartrand, Director  
Grants Coordination and School Support

DATE: January 7, 2005

SUBJECT: **Allowability of Cost for Directors and Officers Insurance in the Child and Adult Care Food Program**

This memo concerns the allowability of "Directors and Officers" (D&O) insurance as an administrative cost in the Child and Adult Care Food Program (CACFP).

The cost of D&O insurance is an allowable CACFP administrative cost, provided that the following conditions apply:

- (1) The insurance policy actually provides liability coverage for activities related to the CACFP (many policies specifically exclude coverage related to the administration of a Federal program); and
- (2) If the policy also provides coverage for non-CACFP liability, the CACFP share of the cost must be properly allocated.

While D&O insurance is an allowable cost as described above, institutions that purchase such insurance should be fully aware of all provisions and exclusions in any policy they consider.

**Please keep this memo on file or in a notebook for quick and easy reference.**

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608 WEST ALLEGAN STREET • P.O. BOX 30008 • LANSING, MICHIGAN 48909  
[www.michigan.gov/mde](http://www.michigan.gov/mde) • (517) 373-3324